



General Assembly

February Session, 2008

***Amendment***

LCO No. 6154

\*SB0003206154SD0\*

Offered by:  
SEN. HARRIS, 5<sup>th</sup> Dist.

To: Subst. Senate Bill No. 32

File No. 584

Cal. No. 382

***"AN ACT CONCERNING THE FINANCIAL CONDITION OF NURSING HOMES."***

1 Strike everything after the enacting clause and substitute the  
2 following in lieu thereof:

3 "Section 1. Subdivision (5) of subsection (f) of section 17b-340 of the  
4 2008 supplement to the general statutes is repealed and the following  
5 is substituted in lieu thereof (*Effective July 1, 2008*):

6 (5) For the purpose of determining allowable fair rent, a facility with  
7 allowable fair rent less than the twenty-fifth percentile of the state-  
8 wide allowable fair rent shall be reimbursed as having allowable fair  
9 rent equal to the twenty-fifth percentile of the state-wide allowable fair  
10 rent, provided for the fiscal years ending June 30, 1996, and June 30,  
11 1997, the reimbursement may not exceed the twenty-fifth percentile of  
12 the state-wide allowable fair rent for the fiscal year ending June 30,  
13 1995. On and after July 1, [1998] 2008, the Commissioner of Social  
14 Services [may] shall allow minimum fair rent as the basis upon which  
15 reimbursement associated with improvements to real property is

16 added. Beginning with the fiscal year ending June 30, 1996, any facility  
17 with a rate of return on real property other than land in excess of  
18 eleven per cent shall have such allowance revised to eleven per cent.  
19 Effective July 1, 2008, any chronic and convalescent nursing home and  
20 rest home with nursing supervision that has fully amortized (A) the  
21 base value of its original real property, other than land, or (B) the base  
22 value of its real property, other than land, for property additions  
23 associated with an increase in bed capacity in such facility shall have  
24 the fair rental allowance for the use of such real property replaced with  
25 the lesser of: (i) A value equal to twelve dollars multiplied by the  
26 facility's total annual resident days, or (ii) the previous fair rental  
27 allowance received for such real property other than land. In no event  
28 shall a facility receive allowable fair rent less than the twenty-fifth  
29 percentile of the state-wide allowable fair rent. Any facility or its  
30 related realty affiliate which finances or refinances debt through bonds  
31 issued by the State of Connecticut Health and Education Facilities  
32 Authority shall report the terms and conditions of such financing or  
33 refinancing to the Commissioner of Social Services within thirty days  
34 of completing such financing or refinancing. The Commissioner of  
35 Social Services may revise the facility's fair rent component of its rate  
36 to reflect any financial benefit the facility or its related realty affiliate  
37 received as a result of such financing or refinancing, including, but not  
38 limited to, reductions in the amount of debt service payments or  
39 period of debt repayment. The commissioner shall allow actual debt  
40 service costs for bonds issued by the State of Connecticut Health and  
41 Educational Facilities Authority if such costs do not exceed property  
42 costs allowed pursuant to subsection (f) of section 17-311-52 of the  
43 regulations of Connecticut state agencies, provided the commissioner  
44 may allow higher debt service costs for such bonds for good cause. For  
45 facilities which first open on or after October 1, 1992, the commissioner  
46 shall determine allowable fair rent for real property other than land  
47 based on the rate of return for the cost year in which such bonds were  
48 issued. The financial benefit resulting from a facility financing or  
49 refinancing debt through such bonds shall be shared between the state  
50 and the facility to an extent determined by the commissioner on a case-

- 51 by-case basis and shall be reflected in an adjustment to the facility's  
52 allowable fair rent."

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2008</i>	17b-340(f)(5)